

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2018-3-E

In the Matter of:)
)
Annual Review of Base Rates for Fuel)
Costs for Duke Energy Carolinas, LLC)
)
_____)

STIPULATION

Duke Energy Carolinas, LLC (“DEC”), the South Carolina Energy Users Committee (“SCEUC”), and the South Carolina Office of Regulatory Staff (“ORS”) (collectively, the “Parties”) hereby enter into the following stipulations. As a consequence of these stipulations and conditions, SCEUC and ORS do not oppose the amount of under-collection DEC proposes to recover through its fuel adjustment clause in this proceeding, and the Parties stipulate and agree as follows:

1. SCEUC and ORS do not oppose the Public Service Commission of South Carolina (“Commission”) granting DEC’s proposed amount of recovery in this proceeding, provided the conditions contained within this stipulation are met.

2. The Parties stipulate and agree that the proposed fuel factors set forth shown on DEC Witness Kim McGee’s Revised Exhibit 1, Line 13 are correct, appropriate, and consistent with S.C. Code Ann. § 58-27-865. The Parties also stipulate and agree that the DERP incremental charges set forth on Exhibit 1 to the testimony of ORS witness Sarah Johnson (as incorporated into McGee’s Revised Exhibit 1, Line 18) are correct, appropriate and consistent with the provisions of Act 236 of 2014.

3. SCEUC will request that it be allowed to submit the testimony of its witness Kevin O'Donnell into the record without O'Donnell being present to testify. The ORS and DEC agree that they will not oppose that request. SCEUC stipulates and agrees to withdraw the recommendation for additional reporting requirements contained in Section II of O'Donnell's testimony.

4. DEC stipulates and agrees to limit the total average bill increase to no more than 5 percent for the one-year billing period beginning October 1, 2018.

5. The Parties stipulate and agree that, in order to effect a cap of 5-percent on bill increases resulting from the fuel proceeding, DEC will reduce projected fuel costs by \$34 million during the billing period October 2018 through September 2019 and will defer recovery of the actual over/under recovery balance to October 1, 2019 through its 2019 fuel proceeding.

6. The Parties stipulate and agree that DEC will charge and accrue interest monthly on the amount DEC would have billed but for the deferral. The Parties further stipulate and agree that the applicable interest rate used to calculate the carrying costs will be the 3-year U.S. Government Treasury Note, as reported in the Wall Street Journal, either in its printed edition or on its website, plus an all-in spread of 65 basis points (0.65 percentage points), and that the applicable period during which carrying costs will be applied begins October 1, 2018 and ends September 30, 2019.

7. DEC agrees that, pursuant to S.C. Code Ann. §58-27-865(F), its achievement of a 92.5% net capacity factor for its nuclear units in a given review period creates a rebuttable presumption that it made every reasonable effort to minimize cost associated with the operation of its nuclear generation system, but that presumption does not preclude the ORS or other parties from examining the operation of the DEC nuclear generation system and offering evidence in an

effort to rebut the presumption. With respect to the July 24, 2017 outage at Oconee Unit 3 (“Oconee 3 Outage”), DEC and ORS stipulate that the outage was not the result of unreasonable operation of the unit by DEC and that the replacement costs should not be disallowed. The ORS withdraws its recommendation in the direct testimonies and exhibits of Matthew Schellinger and Anthony Briseno that the Oconee Unit 3 Outage replacement costs be disallowed. The rebuttal testimony of DEC witness Steven Capps and the surrebuttal testimony of ORS witness Matthew Schellinger is withdrawn.

8. The Parties stipulate and agree that this Stipulation is reasonable, in the public interest, and in accordance with law and regulatory policy.

9. This Stipulation contains the complete agreement of the Parties as related to the subjects discussed herein. The Parties agree that, by signing this Stipulation, it will not constrain, inhibit, or impair their arguments or positions held in future proceedings. If the Commission declines to approve the Stipulation in its entirety, then any of the Parties may withdraw from the Stipulation without penalty within three (3) days of receiving notice of the Commission’s decision by providing written notice of withdrawal via electronic mail to all parties within that time period.

10. This Stipulation shall be effective upon execution of the Parties and shall be interpreted according to South Carolina law.

11. This Stipulation in no way constitutes a waiver or acceptance of the position of any of the Parties concerning the requirements of S.C. Code Ann. § 58-27-865 in any future proceeding.

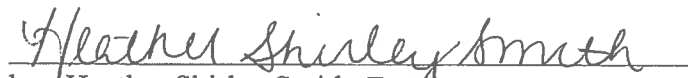
12. This Stipulation shall bind and inure to the benefit of each of the signatories hereto and their representatives, predecessors, successors, assigns, agents, shareholders, officers, directors (in their individual and representative capacities), subsidiaries, affiliates, parent

corporations, joint ventures, heirs, executors, administrators, trustees, and attorneys.

13. Each party acknowledges its consent and agreement to this Stipulation by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of this Stipulation. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Stipulation.

[PARTY SIGNATURE TO FOLLOW ON SEPARATE PAGES]

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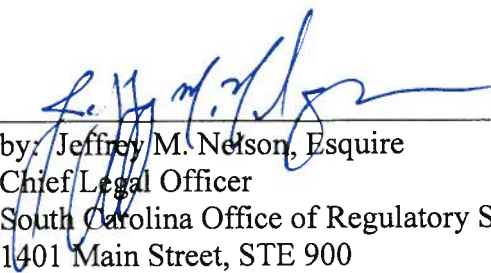
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